

**U. S. Small Business Administration  
Office of Inspector General**

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**SBA-OIG  
2003-2007  
Strategic Plan**

Fall 2002

## OFFICE OF INSPECTOR GENERAL

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### Message from the Inspector General

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Fall 2002

I am pleased to present our 2003-2007 Strategic Plan, which describes our primary areas of focus for the next 5 years. The U.S. Small Business Administration (SBA) operates in a dynamic environment. Our ability to maximize our relevance and value to the SBA is closely linked to how well we adapt our work within that changing environment and our ability to effect change. Based on our analysis of the key issues facing SBA and a review of our own internal operations, we have established the following five strategic goals:

Strategic Goal 1 – Prevent fraud and unnecessary losses in SBA programs

Strategic Goal 2 -- Improve the security over and the accuracy of SBA accounting and management information, including performance data

Strategic Goal 3 -- Assist SBA in improving its small business development programs

Strategic Goal 4 -- Assist SBA management in identifying and resolving persistent and emerging management issues

Strategic Goal 5 -- Strengthen our ability to identify and have maximum impact on the most significant SBA issues

Our strategic plan also sets a new focus for how we carry out our work – emphasizing prevention and deterrence, early identification of risks and management challenges, and a more integrated approach within and across our audit, investigations and inspections functions.

Over the next 5 years we are committed to using this strategic plan as a framework to develop our annual plan and budget, and to report on progress. At the same time, we are pragmatic and recognize that planning is a dynamic and iterative process. Therefore we will continue to scan our environment and modify our direction as needed.

The SBA OIG recognizes that it occupies a position of trust within the SBA and with the U.S. Congress. We have embraced this responsibility. I am confident in our approach and welcome the opportunity to discuss any aspect of this plan.



Phyllis K. Fong

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# SBA-OIG Strategic Plan 2003-2007

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## SECTION 1 INTRODUCTION

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This 2003-2007 Strategic Plan (Strategic Plan) presents the Small Business Administration (SBA) Office of Inspector General (OIG) priorities for the covered timeframe. It serves an important purpose in succinctly describing our strategic direction to our stakeholders, including the SBA Administrator and the U.S. Congress. From that perspective, it presents our results-based business case, explaining our return-on-investment.

It also strengthens OIG by establishing a shared set of expectations regarding the goals we expect to achieve and the strategies that we will use to do so. We will adjust the plan as circumstances necessitate, use it to develop our annual plan and budget submission, report on progress in our semiannual reports, and hold our managers and staff accountable for achieving the goals and outcomes.

Given the importance of this Strategic Plan to our future operations, the constraints that were encountered during the planning process need to be highlighted. In a “best case” scenario, we would identify the major risks confronting the SBA and focus the majority of our resources on mitigating them. The reality, however, is that a considerable percentage of our resources are devoted to other necessary activities, such as auditing the SBA financial statements, responding to complaints about potential wrong-doing, and responding to requests from the SBA, Congress, and the public. As a result, the level of resources that we can devote to discretionary priority areas is significantly constrained.

The remainder of this document presents those planning elements that we thought essential for providing a sense of long-range direction to stakeholders and employees. It answers the key question, “How will the work we do and our approach to work change over the next 5 years?” This section includes our mission, a succinct statement regarding our vision, and the values that characterize our culture. In order to provide a context for our strategic goals, we present a brief summary of major issues confronting the SBA in ***Section 2 – Situational Assessment***. This information, and an assessment of our internal challenges, served as a basis for the five strategic goals presented in ***Section 3 – OIG Strategic Goals, Performance Measures, and Strategies***.

The plan concludes with ***Section 4 - Relationship of this Strategic Plan to Our Annual Performance Plan, Budget, and SemiAnnual Reports to the Congress***. We present additional detail regarding how we will use this strategic plan in the coming years to meet our annual planning, budgeting, and day-to-day management responsibilities. While readers are likely to be very interested in what we plan to do over the strategic timeframe, understanding how we expect to do those things is equally important.

## **OUR MISSION**

Under the authority and in fulfillment of the Inspector General Act of 1978, as amended (IG Act), the Inspector General is committed to supporting SBA in its statutory mission to maintain and strengthen the Nation's economy by aiding, counseling, assisting, and protecting the interests of small businesses, and by helping families and businesses recover from disasters.

### ***Statutory Responsibilities***

OIG is an independent and objective oversight office created within the SBA by the IG Act. The Act specifies that the Inspector General will:

- Promote economy, efficiency, and effectiveness in the management of SBA programs and supporting operations;
- Conduct and supervise audits, investigations, and reviews relating to the Agency's programs and support operations;
- Detect and prevent fraud and abuse;
- Review existing and proposed legislation and regulations and make appropriate recommendations;
- Maintain effective working relationships with other Federal, State, and local governmental agencies, and non-governmental entities regarding the mandated duties of the Inspector General;
- Inform the SBA Administrator and Congress of serious problems and recommend corrective actions and implementation measures;
- Comply with the audit standards of the Comptroller General; avoid duplication of General Accounting Office (GAO) activities; and
- Report violations of law to the U.S. Attorney General.

OIG also has other significant statutory responsibilities. They include responsibilities under the:

- Small Business Act
- Small Business Investment Act of 1958
- Federal Managers' Financial Integrity Act of 1982
- Chief Financial Officers Act of 1990
- Right to Financial Privacy Act
- Freedom of Information Act, and
- Privacy Act

Five divisions carry out these responsibilities: Auditing, Inspection and Evaluation, Investigations, Counsel, and Management and Policy.

## **OUR VISION FOR FY 2003 THROUGH FY 2007**

SBA will have efficient, effective, results-oriented, integrity-based programs that maximize use of safe and secure information technology in its operations, and will have

minimal losses from fraud, abuse, erroneous payments and inadequate processes. OIG will be an effective catalyst to help SBA achieve this goal.

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## **SECTION 2      SITUATIONAL ASSESSMENT**

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The SBA is engaged in substantial strategic and tactical change. It is dramatically altering how it administers its lending program, is modernizing its information technology systems, and is placing increasing emphasis on the business development aspects of its mission. These changes are complex and challenging. They affect many Agency programs and activities. Such dramatic changes also imply substantial risk in many areas such as making prudent decisions, effectively and efficiently developing, implementing, and operating the programs, ensuring that adequate management and internal controls are present, and ensuring that the changes better position the SBA to provide maximum return-on-investment to the American taxpayer.

This context poses a major challenge for OIG. Our current and future activities must balance our routine responsibilities and involvement in these SBA tactical and strategic changes to ensure that potential risk issues are adequately addressed. Consequently, we selected the three most dominant issues and present the following discussion to inform readers about their associated magnitude and complexity. This information provides the context for our strategic goals, which are presented in Section 3.

### **About the SBA**

The SBA mission is to maintain and strengthen the nation's economy by aiding, counseling, assisting, and protecting the interests of small business and by helping businesses and families recover from natural disasters.

SBA administers small business programs, including 8(a)<sup>1</sup> Federal contracting set-asides and 7(a)<sup>2</sup> loans to help economically disadvantaged firms start, grow, and stay in business. SBA's disaster loan program offers financial assistance to businesses and families trying to rebuild in the aftermath of a disaster.

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<sup>1</sup>Sec. 8(a), Small Business Act, 15 USC 637 (a): SBA's Section 8(a) program assists in the development of small companies that are owned and operated by socially and economically disadvantaged individuals. A Section 8(a) company is eligible for Federal contracting set-asides and other business development support to gain access to the economic mainstream.

<sup>2</sup>Sec. 7(a), Small Business Act, 15 USC 636 (a): the 7(a) loan program is for business start-ups and to meet the varied short- and long-term needs of existing small businesses. Under 7(a), SBA guarantees loans to small businesses that cannot obtain financing on reasonable terms through other channels.

## ***Issues Confronting the Small Business Administration***

### ***Risks Associated With Increasing SBA Reliance on Private Sector Lenders***

SBA has substantially changed its business model relative to how it delivers and services its loan products. Under a strategy to privatize more of its operations, the Agency is moving farther away from the direct delivery of products and services and instead is using its partnerships and business resource partners more extensively. Over the past

several years, SBA has been in the process of selling off assets in its loan portfolio and relying on private lenders to perform an increasing percentage of the loan underwriting, servicing, and liquidation functions that were previously performed by SBA staff. Consequently, SBA's need to monitor the activities of lenders who help deliver its programs has increased significantly in recent years. Annual loan approvals have almost doubled since 1992, and the loan portfolio for all its programs now exceeds \$40 billion. During that same time, SBA has decreased its staff by 20 percent and shifted to lenders the responsibility for key loan origination, servicing, and liquidation functions. Lenders now originate about 75 percent of new loans, with little or no involvement by SBA in the eligibility and credit approval processes.

This shift has substantially changed the way that SBA does business and was the impetus for SBA's decision to undertake a major reengineering of its lending and oversight functions. Implementing these new business processes, which will be supported by modernized state-of-the-art information systems, is integral to SBA's success and will be a key strategic effort over the next several years.

These changes entail substantial risk for fraud and abuse. Lack of direct involvement in lending and servicing functions impair SBA's ability to prevent and detect fraud in its loan programs. Consequently, the new business structure must include adequate compensating controls. Over the next 5 years, our work will devote resources to assessing and mitigating this risk (see goals 1 and 4).

### *Risks Associated with SBA Efforts to Improve Information Technology (IT) Infrastructure, Management, and Security*

In conjunction with the reengineering effort, SBA is embarking on a comprehensive Agency-wide modernization initiative to replace a range of outmoded legacy systems. This multi-phased, multi-million dollar effort is designed to improve decision-making through the collection of accurate and timely information and increase productivity and cost-effectiveness of service delivery to SBA customers. The scope of the project includes the development of new systems for:

- Capital access and credit programs
- Integrated financial management systems (i.e. accounting, human resource and procurement) and disaster assistance
- Government contracting and entrepreneurial development programs

This initiative is key to improving SBA's lender oversight functions, as well as its ability to produce accurate and useful financial management data. In addition to new application systems, the project also involves implementing a new IT infrastructure including a new telecommunications network and upgraded office computing systems. The new infrastructure is needed to support data interchange, communications, information sharing, and e-government.

To ensure effective management of its IT assets, SBA is in the process of implementing an IT investment review process that complies with the requirements of the Clinger-



Cohen Act and the provisions of OMB circular A-130. The process will provide a framework for evaluating IT projects and managing the associated risks.

SBA has also taken steps to improve security over its information systems, developing an enhanced security program, expanding IT security staff, developing updated security policies, reviewing sensitive systems, and developing critical infrastructure protection and security plans. Full implementation of all aspects of the security program will require continued attention and the devotion of resources to this critical issue over the next several years.

The implementation, management and security of these high-cost, high-risk systems will be a key area of focus for OIG (see goals 2 and 4). We will work with the SBA to identify and reduce risks associated with large systems development and to improve IT management and security.

### *Risks Associated with Increasing SBA Emphasis on Small Business Development*

The SBA has two primary areas of emphasis – it provides small business financing services and conducts programs focused on developing small businesses. Two ways SBA supports this latter responsibility is by:

- Providing access to Federal procurement markets through its small business contracting programs and
- Providing entrepreneurial development assistance, through a range of delivery channels such as Small Business Development Centers (SBDCs), the Service Corps of Retired Executives (SCORE), Women's Business Centers, Business Information Centers (BICs) and One-Stop Capital Shops.

As SBA reviews and adjusts its approach in these areas, it will encounter substantial challenge and risk. Ensuring that these programs are focused on results (per the GPRA) and are able to measure progress in achieving them will be a challenge. The SBA will also face challenges in ensuring that small businesses have access to Federal procurement opportunities. Federal agencies have streamlined their acquisition practices, such as multiple award contracts, Federal supply schedules, and credit card purchases, making it more challenging for small businesses to compete.

In the area of entrepreneurial development assistance, SBA will work to integrate its entrepreneurial services programs. These programs evolved independently over time, taking various approaches to meet a range of small business needs. SBA will also work to better integrate its entrepreneurial services with its financing programs. During the planning period, OIG will analyze the efficiency and effectiveness of these programs to identify opportunities to reduce costs and better support the Agency's mission.



## ***Implications for OIG***

Given the preceding discussion, we formulated five strategic goals, described in detail in the next section. Taken in totality, these goals represent how we plan to align our resources and manage our activities. The goals are summarized in the following table.

## SUMMARY OF OIG SBA STRATEGIC GOALS

The following information summarizes OIG SBA strategic goals. The table summarizes current initiatives that will continue during the planning period and new initiatives that reflect our strategic direction. The change in balance between current and future activities has significant OIG implications, discussed at a high level in the fourth column.

<b>Strategic Goal</b>	<b>Ongoing Initiatives</b>	<b>New Focus or Initiatives</b>	<b>Implications for OIG</b>
Goal 1-Prevent fraud and unnecessary losses in SBA programs	<ul style="list-style-type: none"> <li>• Currently scheduled and planned audits, including early default audits</li> <li>• Criminal, civil and administrative investigations</li> <li>• Limited outreach to lenders</li> <li>• Review borrowers that self-declare having a prior criminal record</li> <li>• Affirmative Civil Enforcement (ACE)</li> </ul>	<ul style="list-style-type: none"> <li>• Expand educational outreach to lenders &amp; SBA officials regarding fraud prevention and detection</li> <li>• Analyze internal Agency data to identify trends and patterns of fraud</li> <li>• Review criminal history on all non-citizens with FBI</li> <li>• Work with SBA program officials to develop fraud indicators in agency lender reviews</li> <li>• Review Non-citizen loans project</li> <li>• Review 8(a) eligibility</li> <li>• Lender relations/ethics training</li> </ul>	We will need to emphasize education, prevention, and deterrence, adjust our culture in terms of incentives and rewards, increase the use of multi-disciplinary approaches, and improve how we analyze information to identify risks, trends, and patterns.
Goal 2-Improve the security over and accuracy of SBA accounting and management information, including performance data	<ul style="list-style-type: none"> <li>• Financial statement audits</li> <li>• Follow-up reviews to assess implementation of additions to new financial system</li> <li>• GISRA audits</li> <li>• Prioritize participation in new systems development and include appropriate staff representation on SBA project teams.</li> </ul>	<ul style="list-style-type: none"> <li>• Select a statistical sample of the most critical data for selected key programs and determine the quality of data used to report on performance results.</li> <li>• Increase involvement in development of new automated systems including e-Gov initiatives</li> <li>• Assist Agency in review of performance monitoring plans</li> <li>• Conduct selected follow-up reviews on prior GPRA audits to assess SBA progress and evaluate SBA activities in developing goals and performance measures</li> </ul>	As we place increased emphasis in this area, we need to readjust priorities and/or increase resources to accommodate new initiatives. We also need to ensure staff cross training.
Goal 3-Assist SBA in improving its small business development programs	<ul style="list-style-type: none"> <li>• Participate on Agency teams formed to assess SBA's Business Development program</li> </ul>	<ul style="list-style-type: none"> <li>• Determine the validity of the information being used to report on the government-wide business set aside contracting requirement</li> <li>• Improve data on complaints received in order to conduct trend analysis</li> <li>• Conduct program reviews of entrepreneurial development office</li> <li>• Participate on SBA business development assessment teams</li> </ul>	This goal requires that we have greater understanding of program functions, improved data and analytical skills, and that we redirect resources from other areas.
Goal 4-Assist SBA management in identifying and resolving persistent and emerging management issues	<ul style="list-style-type: none"> <li>• Annually evaluate management challenges and review current and past work to identify new challenges</li> </ul>	<ul style="list-style-type: none"> <li>• Improve intelligence systems by surveying staff on key management issues, formally analyze issues and document results</li> <li>• Enhance follow-up on recommendations</li> <li>• Expand audits of high risk areas</li> </ul>	Achieving this goal requires a commitment of time and resources, which may need to be re-allocated from other areas in order to focus on this goal.
Goal 5-Strengthen our ability to identify and have maximum impact on the most significant SBA issues		<ul style="list-style-type: none"> <li>• Improve timeliness, knowledge management, and internal MIS</li> <li>• Establish intake office to screen requests for information/services</li> </ul>	We need to improve our processes and accountability.

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## SECTION 3      **OIG STRATEGIC GOALS, PERFORMANCE MEASURES, AND STRATEGIES**

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### ***Strategic Goal 1***

#### ***Prevent fraud and unnecessary losses in SBA programs***

**Discussion:** SBA has a wide range of programs designed to help small businesses gain access to capital, participate in the Federal procurement market, and better plan and manage their operations. Among the services offered, 75 percent of SBA's resources are devoted to credit programs. Chief among these is the Section 7(a) program -- SBA's largest lending program and its primary vehicle for providing small businesses with access to credit. In fiscal year 2001, Section 7(a) loan approvals totaled over 9.8 billion and total outstanding loans totaled over 34.3 billion. The disaster loan program is another key SBA lending program. It is the primary form of Federal assistance for non-farm, individuals and businesses that suffer disaster losses. This program is particularly vulnerable due to the need to expedite processing of disaster loans. In fiscal year 2001 the SBA approved over \$1 billion in disaster loans; outstanding disaster loans totaled over \$4.6 billion.

To ensure that these and other SBA programs meet their objectives, comply with applicable laws and regulations, and protect the government's assets, appropriate internal controls must be in place. Unfortunately, these programs have had longstanding internal control problems, resulting in fraud and unnecessary losses. Moreover, as previously noted, these programs are being reengineered, creating both greater risks during the transition period as well as the opportunity to ensure that prior control weaknesses are addressed.

#### **Anticipated Outcomes:**

Our work in this area is intended to influence the following outcomes:

- Fraud and unnecessary losses are reduced (stratified by types of loans)
- SBA internal control environment is strengthened and appropriately structured

## Implementation Strategies:

<b>STRATEGIES FOR ACHIEVING STRATEGIC GOAL 1</b>			
Crosscutting	Auditing	Investigations	Inspection & Evaluation
<ul style="list-style-type: none"> <li>• Expand outreach with lenders to educate them on how to identify and prevent potential fraud</li> <li>• Establish a “train the trainer” program for SBA program staff to teach them how to detect fraud</li> <li>• Analyze OIG information and work products to identify vulnerabilities, trends, and fraud patterns and convey findings and trends to SBA program officials and other OIG divisions for their use</li> <li>• Obtain and analyze Agency historical data to identify problems and determine if privatization is truly cost-effective</li> <li>• Work with Agency officials to develop and incorporate fraud indicators in Agency lender reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Screen defaulted loan prior to asset sales to identify possible fraud or improper loan processing by lenders</li> <li>• Analyze data on Section 8(a) participants to identify any abuses that hamper the achievement of intended purpose of the program</li> <li>• Analyze data on non-citizen loans</li> </ul>	<ul style="list-style-type: none"> <li>• Give priority to investigations with broad potential Agency impact vs. those with a large number of potential indictments</li> <li>• Expand use of civil fraud and suspension and debarment process as a deterrent to lenders and lender agents misconduct</li> <li>• Use IG subpoenas rather than grand jury subpoenas to avoid problems using information on civil and administrative cases.</li> <li>• Organize TDY task forces to investigate major cases</li> <li>• Initiate proactive investigations on loan brokers and packagers</li> <li>• Conduct criminal background checks on samples of borrowers who declare no criminal history</li> <li>• Conduct security reviews on all non-citizen borrowers</li> </ul>	<ul style="list-style-type: none"> <li>• Support sampling project</li> <li>• Conduct surveys to determine problems and risks</li> </ul>

## ***Strategic Goal 2***

### ***Improve the accuracy of and the security over SBA accounting and management information, including performance data***

**Discussion:** Since fiscal year 1999, SBA has received an unqualified opinion on its financial statements. An unqualified opinion signifies that the information contained in the statements is fairly stated. Despite this achievement, SBA has difficulty producing reliable day-to-day financial and management information to support its operations, primarily because of reliance on outdated IT systems that are not integrated. SBA depends on a complex IT environment that includes over 40 mission critical systems running on legacy mainframes and minicomputers. SBA has also had difficulty developing appropriate and reliable performance data to support its implementation of the Government Performance and Results Act.

As previously noted, SBA has ambitious plans to upgrade its systems, including those used for loan monitoring and financial management. This modernization effort is critical to the success of SBA's operations and to reducing operational, data integrity and security risks.

#### **Anticipated Outcomes:**

Our work in this area is intended to influence the following outcomes:

- SBA has more effective operations and improved decision-making
- Improved ability to monitor and evaluate SBA performance
- Improved public confidence in SBA's operations

## Implementation Strategies:

<b>STRATEGIES FOR ACHIEVING STRATEGIC GOAL 2</b>			
Crosscutting	Auditing	Investigations	Inspection & Evaluation
<b><i>Issue 1 – IT Systems Development</i></b>			
<ul style="list-style-type: none"> <li>For new systems development, convene divisions to discuss features needed in the systems to protect the integrity of the programs</li> <li>Performance/ program data</li> </ul>	<ul style="list-style-type: none"> <li>Participate on selected Agency project teams when new systems are developed</li> </ul>	<ul style="list-style-type: none"> <li>Conduct background checks on IT contractors both at HQ and in the field</li> </ul>	
<b><i>Issue 2 – Internal MIS: Day-to-Day Program Delivery/Operational Management Information</i></b>			
	<ul style="list-style-type: none"> <li>Select a statistical sample of the most critical data for selected key programs and determine the quality of data used to report on performance results.</li> </ul>		<ul style="list-style-type: none"> <li>Assist Agency in reviewing performance monitoring of its programs &amp; whether appropriate data is produced by MIS</li> </ul>
<b><i>Issue 3 – Performance Data Monitoring (GPRA)</i></b>			
	<ul style="list-style-type: none"> <li>Follow-up on prior GPRA audits to assess what SBA has done to implement the recommendations</li> </ul>		<ul style="list-style-type: none"> <li>Evaluate Agency's activities in developing goals and performance measures to fulfill requirements of GPRA, including assessment of performance data quality</li> </ul>
<b><i>Issue 4 – Management/Administrative Accounting Information</i></b>			
<ul style="list-style-type: none"> <li>Review plan in place to convert to e-gov initiative</li> </ul>	<ul style="list-style-type: none"> <li>Conduct follow-up reviews to assess implementation of additional new financial systems or components to assess whether they support timely reporting and financial information for day to day decision making and other required performance expectations</li> <li>Conduct annual FS audit</li> </ul>		

### ***Strategic Goal 3***

#### ***Assist SBA in improving its small business development programs***

**Discussion:** SBA offers a range of services including counseling, training, and financial assistance, designed to help small businesses expand. These services are offered through a variety of delivery channels, including Small Business Development Centers, One-Stop Capital Shops, and the Service Corps of Retired Executives. In addition, SBA operates the Section 8(a) program, which was established to help small businesses access the \$200 billion Federal procurement market.

As previously discussed, SBA is in the process of reviewing its business development programs, to improve their integration and address changes in the Federal procurement arena. In addition, SBA needs to address specific issues related to the effectiveness and management of the Section 8(a) program, including the equitable distribution of contracting opportunities among Section 8(a) participants, criteria for determining economic disadvantage, and rules for ensuring that Section 8(a) firms do not pass contracts to non-Section 8(a) firms. SBA also needs to improve its ability to measure the success of its government contracting and business development programs and services.

#### **Anticipated Outcomes:**

Our work in this area is intended to influence the following outcomes:

- Improved public confidence in SBA's government contracting and business development programs and services
- Improved efficiency and effectiveness in SBA's delivery of entrepreneurial assistance to small businesses

#### **Implementation Strategies:**

<b><i>STRATEGIES FOR ACHIEVING STRATEGIC GOAL 3</i></b>			
<b><i>Crosscutting</i></b>	<b>Auditing</b>	<b>Investigations</b>	<b>Inspection &amp; Evaluation</b>
<ul style="list-style-type: none"><li>• Participate in Agency teams formed to assess and improve SBA's Business Development programs</li><li>• Perform program reviews of services provided by entrepreneurial development office</li><li>• Assess Agency program reviews</li></ul>	<ul style="list-style-type: none"><li>• Conduct a review to determine the validity of the information being used to report on the Government-wide business set-aside contracting requirement</li><li>• Conduct more audits of business development activities</li></ul>	<ul style="list-style-type: none"><li>• Improve data on and analysis of complaints received for the purpose of conducting trend analysis</li></ul>	<ul style="list-style-type: none"><li>• Conduct periodic inspections of business development programs</li><li>• Assist investigations with analysis of data</li></ul>



#### ***Strategic Goal 4***

#### ***Assist SBA management in identifying and resolving persistent and emerging management issues***

**Discussion:** In response to congressional requests and the Reports Consolidation Act of 2000, we annually develop a list of the most serious management challenges facing SBA. Items listed represent areas particularly vulnerable to fraud, waste, error, and mismanagement, or otherwise pose significant risk and generally have been the subject of one or more OIG or GAO reports. Risks are often confirmed by fraud or abuse found by our investigators. One of our key goals over the next 5 years is to help SBA management resolve these issues as quickly and efficiently as possible.

In addition, we must also be able to identify emerging risks and develop strategies for incorporating appropriate action into our audit, investigative and inspection programs. For example, in conjunction with its emphasis on results-based management, the Office of Management and Budget recently established five Government-wide management goals in the areas of:

- Human Capital Management
- Financial Management
- E-Government
- Competitive Sourcing
- Budget and Performance Integration

During the performance period, we will monitor these and other key trend issues and adjust our programs as needed.

#### ***Anticipated Outcomes:***

Our work in this area is intended to influence the following outcomes:

- Management challenges identified by OIG are addressed and resolved by SBA management
- New risks are identified as they emerge, and resources are devoted to addressing them

## Implementation Strategies:

<b>STRATEGIES FOR ACHIEVING STRATEGIC GOAL 4</b>			
<b><i>Crosscutting</i></b>	<b>Auditing</b>	<b>Investigations</b>	<b>Inspection &amp; Evaluation</b>
<ul style="list-style-type: none"> <li>Periodically survey SBA staff at all levels</li> <li>Create a mechanism for documenting and communicating issues as they arise (i.e. key issues for later review)</li> <li>Once a year form a focus group to concentrate on identified issues</li> <li>Develop potential emerging issues paper</li> <li>Outreach: Obtain input from trade groups and other stakeholders</li> <li>Change annual plan to bi-annual plan</li> <li>Formally follow up on recommendations—devote appropriate resources and analyze actions taken to address root cause of problems – include follow-up results in semi-annual report</li> <li>Periodically meet with ADA's to discuss outstanding issues</li> <li>Assess Agency progress on Presidential Management Agenda items</li> </ul>	<ul style="list-style-type: none"> <li>Conduct audits of high risk SBA activities to identify issues that adversely affect delivery of programs and performance results.</li> </ul>	<ul style="list-style-type: none"> <li>Provide internal training at annual training conference to focus investigations on identifying serious control weaknesses noted during investigations</li> </ul>	<ul style="list-style-type: none"> <li>Annual outreach – SBA employees, OIG employees, SBA trade groups</li> </ul>

### ***Strategic Goal 5***

#### ***Strengthen our ability to identify and have maximum impact on the most significant SBA issues***

**Discussion:** By design, our strategic goals are focused on the critical issues facing SBA. To be successful in addressing these goals, however, we must address certain internal management issues that are integral to the implementation of our strategies. Issues regarding human capital, information technology, and the resource allocation process have widespread implications for the successful implementation of our strategies. Consequently, the Office will develop an integrated, consolidated operating plan that reflects the actions that each OIG function will take to support the goals and strategies in this strategic plan. The operating plan will specify more detailed actions that support the strategic goals and will serve as a mechanism for helping to ensure that the entire organization is focused on achieving the same outcomes.

#### **Anticipated Outcomes:**

Our work in this area is intended to influence the following outcomes:

- Improved timeliness leading to greater impact
- Greater sharing of information within OIG
- IT investments fully support operations and facilitate communications, data analysis and knowledge management
- Organizational structure that provides best utilization of OIG resources

## Implementation Strategies:

<b>STRATEGIES FOR ACHIEVING STRATEGIC GOAL 5</b>					
<b>Crosscutting</b>	<b>Auditing</b>	<b>Investigations</b>	<b>Inspection &amp; Evaluation</b>	<b>Counsel</b>	<b>M&amp;P</b>
<ul style="list-style-type: none"> <li>• Strengthen interaction and collaboration</li> <li>• Improve balance of reactive and proactive strategies and activities</li> <li>• Understand our human capital challenges and address our workforce training and development needs</li> <li>• Strengthen the usage of and linkage among our planning, day-to-day operations, budget, and accountability</li> <li>• Analyze organization structure and staffing and make adjustments to maximize our effectiveness and efficiency</li> <li>• Use field strategies to conduct crosscutting reviews</li> <li>• Develop Office-wide MIS system</li> <li>• Identify and implement technology for improving knowledge management</li> <li>• Develop criteria for what we take on</li> <li>• Improve employee accountability</li> <li>• Develop a unified planning process that reports on trends and issues and prescribes how we will focus on them</li> <li>• Improve communication and interaction with SBA Administrator and senior SBA management</li> </ul>	<ul style="list-style-type: none"> <li>• Identify ways to focus in areas that have better potential and opportunity to result in “funds for better use” or “questioned costs”</li> <li>• Identify and dedicate resources to handling internal and outside requests for information, assistance, and other non-traditional audit activity</li> </ul>	<ul style="list-style-type: none"> <li>• Improve OIG intelligence sources</li> <li>• Improve balance among criminal, civil, and administrative cases</li> <li>• Improve information sharing among offices</li> <li>• Refocus investigations from tracking the number of hours per case to the duration of the case</li> <li>• New MIS system that generates real time information</li> </ul>	<ul style="list-style-type: none"> <li>• Improve ability to analyze data sources, detect trends and identify vulnerabilities through statistical methods, data mining and other techniques that allow greater efficiency in providing oversight of SBA programs and operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide OIG with timely and quality legal support</li> </ul>	<ul style="list-style-type: none"> <li>• Establish intake function to screen requests for comments on Notices, Standard Operating Procedures, and other items – target review to best source and reduce multiple simultaneous reviews</li> <li>• Assume responsibilities for managing consolidated OIG MIS</li> <li>• Revise semiannual report presentation to include a summary of the SBA situational assessment – status of key issues</li> </ul>

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## **SECTION 4      RELATIONSHIP OF THIS STRATEGIC PLAN TO OUR ANNUAL PERFORMANCE PLAN, BUDGET, AND SEMIANNUAL REPORTS TO THE CONGRESS**

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Our five strategic goals set the strategic direction for the Office and serve as the foundation for other planning and budgeting functions. They are based on the critical issues facing SBA and provide the framework for the audit, inspection, evaluation, investigative, and support activities proposed in OIG annual performance plans and in the more detailed internal operating plan. To establish the required linkage between the general goals and objectives in the strategic plan and the measures in the annual plan, the strategic plan contains high-level outcomes we anticipate will result from our work. The annual performance plan contains the more specific annual performance goals that will measure our progress in meeting our strategic goals. It also provides an understanding of the resources required to implement our strategies and achieve our performance goals.

As required by the IG Act we will report on the results of our audits and investigations semiannually to the Congress. In our semiannual reports we will describe the linkage between our strategic goals and our operations, highlighting progress against our strategic and performance goals.

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## **SECTION 5      KEY EXTERNAL FACTORS**

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OIG has established objectives and performance measures that are directed toward insuring the quality of the work and customer service we provide to SBA and Congress. Nevertheless, there are a number of factors beyond our control that could affect our achieving the goals and objectives established in this plan.

**1. Resources** - A significant decrease in personnel or funding resources would adversely affect the achievement of our goals and objectives and increase the risk of loss to the government and, ultimately, to the American taxpayer.

**2. Mandatory Requirements** - There are a number of statutory requirements which impact our ability to meet workload requirements. In addition to those found in SBA's enabling legislation, these include the Federal Managers' Financial Integrity Act (FMFIA) of 1982, which requires OIG to render opinions on all FMFIA assurance letters; the Chief Financial Officers Act of 1990, which requires OIG to audit financial statements of all accounts and associated activities of each SBA office and activity; the Government Information Security Reform Act, which requires OIG to report on the Agency assessment of its computer security program; and the Freedom of Information and Privacy Acts, which require executive agencies to provide public and individual access to Federal Agency records, subject to certain exemptions and exclusions.

**3. Statutory Changes in SBA Programs** - Any significant changes in the Agency statutory authority, e.g., the addition of programs, or the repeal or consolidation of programs, could require modification to the goals and objectives in this strategic plan.

**4. Agency Control** - The implementation of program and system recommendations or improvements is not within OIG control. The ultimate responsibility and authority to make those determinations rests with the Agency management.

**5. Judicial and Administrative Proceedings** - OIG cannot control the results of judicial or administrative proceedings that may affect the outcomes of OIG efforts. It is also not within our jurisdiction, authority, or responsibility to collect monetary sanctions imposed by the courts or the Agency (restitution, fines, penalties, debts, etc.) as a result of our reviews or investigations.

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## **SECTION 6      PERFORMANCE EVALUATION**

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While this strategic plan was developed based on SBA's statutory mission and on our responsibilities under the IG Act, we also took into consideration prior OIG audit, inspection, and investigation work, and the results of an OIG customer satisfaction survey on effectiveness and impact.

Evaluating progress in meeting OIG outcomes and performance goals will be a continuous activity. Externally, it will be monitored through customer and stakeholder feedback, and external peer review. The customers and stakeholders of OIG include (1) the Administrator and senior management of SBA, (2) the Congress, especially the Chairmen of the cognizant House and Senate committees and subcommittees, and (3) program participants. We may use surveys of customers and stakeholders as appropriate, as well as meetings and correspondence with them, to determine if we are addressing critical needs or if changes in strategies are necessary. We will also report on the results of our recommendations for systemic improvements by assessing the Agency's implementation actions within 3 years after management decisions (agreement to take specific corrective action) are reached on our reports.

Internally, OIG will track established performance measures in the management information system, use the operating plan quarterly review process, and conduct periodic employee surveys.



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## SECTION 7      **RESOURCES AND OPERATIONAL RESPONSIBILITIES**

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OIG is composed of the Immediate Office of the Inspector General, and the Auditing, Investigations, Inspection and Evaluation, Counsel, and Management and Policy Divisions. In addition to headquarters staff, OIG currently has audit staff in Atlanta, Dallas, and Los Angeles, and investigative staff in Atlanta, Chicago, Dallas, San Francisco, Denver, Houston, Kansas City, Los Angeles, New York, Philadelphia, Seattle, Syracuse, and Puerto Rico.

The **Auditing Division** performs financial and performance audits of SBA programs to promote their economy, efficiency, and effectiveness. This division performs both internal audits of the Agency's management of programs and external audits of its program participants.

The **Inspection and Evaluation Division** conducts analyses to assess the impact, effectiveness and related performance issues of SBA programs and supporting activities. This division also performs "best practices" studies, management reviews, and client satisfaction surveys to assist SBA in improving its program efficiency and oversight.

The **Investigations Division** conducts financial, program, and personnel investigations involving SBA employees and recipients, and maintains the OIG Fraud Line. The results of these investigations frequently provide the basis for civil or criminal prosecution by the Department of Justice or, as an alternative, administrative action by the Agency. The personnel security branch within this division administers the personnel background and name check program for the Agency.

The **Counsel Division** provides independent legal advice to OIG staff; provides subpoena and litigation assistance for all OIG activities; provides training and guidance to OIG staff on Government-wide ethics and SBA-specific standards of conduct; and processes Freedom of Information/Privacy Act requests relative to OIG activities.

The **Management and Policy Division** supports office operations through internal planning, budget formulation and execution, information resources management, personnel, and other administrative services.

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## **SECTION 8     DATA COLLECTION AND VERIFICATION**

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Several years ago OIG developed a Management Information System (MIS) for tracking its activities. In FY 1998, OIG began enhancing the MIS by integrating it with other types of software, establishing an Executive Query System that will link all OIG division databases, and making the system secure. As OIG refines its internal performance measurement system, additional improvements and modifications will be made in MIS.

As appropriate, quantitative data will be collected and stored in MIS. Much of the quantitative data proposed has been collected for several years. For some of the measures, baselines will need to be established. Monetary results will be reported at the time of management decision in accordance with OIG legislative requirements. SBA's Office of the Chief Financial Officer tracks actual collections. All qualitative data will be thoroughly documented.

**ADD THE FOLLOWING DISPLAY TO THE  
INSIDE FRONT COVER OF THE  
NEW SBA-OIG STRATEGIC PLAN**

***OUR VALUES***

The following values characterize the culture of our office and communicate our philosophy in approaching our mission:

**Respect for the Individual:** We treat all people with respect, including internal and external parties that we interact with during the course of our audits, investigations and inspections. In addition, we recognize that people are our most important resource. The dignity, personal well-being, and professional development of our employees are of paramount importance for accomplishing our mission. We promote a work environment that is free of prejudice and discrimination and we value diversity. We encourage creativity and reward exemplary performance.

**Excellence and Effectiveness:** We strive to be efficient and results-oriented, taking personal responsibility for the quality of our work. Our activities are designed to provide our stakeholders with the highest possible level of useful, timely, and responsive service.

**Professionalism and Integrity:** We adhere to the highest standards of ethical behavior. How we achieve results is as important as the results themselves. We promote integrity, credibility, professionalism, and accountability in our employees.

**Independence and Objectivity:** We maintain the freedom and impartiality necessary to objectively and responsibly perform our mission. We accommodate honest differences of opinion, but do not compromise our principles.

**Communication:** We strive for an environment of open and honest communication internally and externally. We listen to, learn from, and collaborate with our employees and stakeholders.

**Teamwork:** We work as a team and challenge our employees to work cooperatively across internal and external organizational boundaries. We involve employees at all levels in developing and continually improving our work processes and encourage responsible risk-taking (e.g., criticism, debate, dissent) as a fundamental principle.

**Accountability:** We are committed to serving as effective and responsible stewards of the taxpayers' dollars. We believe in providing employees with a clear understanding of what is expected of them and with the guidance needed to perform their tasks. Each individual is responsible for her/his actions. Managers are responsible for ensuring that work is fairly evaluated and appropriately recognized.